



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

August 16, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Two handwritten signatures are present. The first signature is in dark ink and appears to be "W. T. Fujioka". The second signature is in lighter ink and is more stylized, possibly belonging to another official.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

LOBBYIST ORDINANCE (ITEM NO. 55, AGENDA OF AUGUST 21, 2007)

On July 24, 2007, your Board, on the motion of Supervisor Molina, instructed my Office, the Executive Officer of the Board of Supervisors and County Counsel, to develop recommendations that will result in more stringent enforcement of the County's Lobbyist Ordinance (Ordinance). These recommendations were not limited to, but were to include options such as: 1) a mechanism for progressive discipline, including the permanent debarment from future contracts with the County and the cancellation of existing contracts for those companies which demonstrate a pattern of non-compliance; and 2) higher monetary penalties, including a percentage of existing contracts with the County, whichever is greater. Your Board instructed my Office and the aforementioned departments to report back with recommendations for your consideration at your meeting of August 21, 2007.

The current Ordinance requires lobbyists, lobbyist firms, and lobbyist employers, as defined in the Ordinance, who seek to influence official actions of the County, to register with the Executive Officer of the Board and to report their lobbying activities. The Ordinance contains several penalties for those who do not comply with its requirements, including a late filing fee of \$250, and if approved by your Board, denial of the right to address your Board or any County commission on behalf of others, denial of the County contract, permit, grant, license, or franchise which was the objective of the illegal lobbying activities, a civil liability of up to \$2,000, termination of registration and prohibition against re-registering until all penalties are satisfied. Pursuant to rules adopted by your Board, departments are obligated to make affected organizations and individuals, including our employees, aware of the provisions of the Ordinance.

In developing our recommendations, my Office reviewed Ordinance 2.175 *Post Government Employment and Lobbying Activities of County Officials* and other

applicable ordinances and regulations. Our recommendations are consistent with your Board's directive to develop more severe penalties and greater consequences for habitual offenders of the Ordinance and to better ensure increased compliance with the Ordinance. Based upon consultation with the applicable departments, we recommend amending the current Ordinance to:

- *Increase the maximum civil liability from \$2,000 to \$5,000 per violation that may be recovered in a civil action brought by the County against any person or entity who has failed to comply with requirements of the Ordinance, consistent with a similar provision of the California Political Reform Act;*
- *Establish an administrative fine procedure in which the Executive Officer of the Board may, at her discretion, impose an Administrative Fine of up to \$5,000 per violation for any person who violates any provision of the Ordinance and a Non-Compliance Fee of up to \$5,000 per violation for any person who fails to come into compliance with any provision of the Ordinance;*
- *Establish procedures in which lobbyists, lobbyist firms, and lobbyists employers may be suspended and prohibited from engaging in lobbying activities for repeated violations of any provision of the Ordinance;*
- *Increase the late filing fee from \$250 to \$25 per day after the filing deadline until the registration or report is filed, up to a maximum of \$500.*
- *Adopt a "good cause" provision within the Ordinance to allow for the waiving of late filing fees similar to the procedures employed by the Secretary of State's Office; and*
- *Incorporate other minor, housekeeping revisions to the Ordinance to make it more consistent with State statutes and regulations.*

Please note that we do not recommend the imposition of monetary penalties based upon a percentage of the existing contracts. Not all lobbyist employers are existing County contractors and, as such, would not be affected by the imposition of this type of monetary penalty, e.g., a developer seeking land use entitlements for a multi-million dollar housing project. In addition, these types of penalties may be viewed by courts as excessive and disproportionate in relation to the type of violation committed. We also do not believe it is practical for the County to automatically cancel contracts as a result of non-compliance with the Ordinance, as some of these contracts are for vital services and there is no immediate replacement for the provision of these services. Rather, we would recommend that these lobbyists and their employers not be allowed to compete for any new County contracts, permits, grants, licenses, or franchises, as already provided for in the Ordinance.

Each Supervisor
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Regarding the progressive discipline aspect of the Ordinance, we recommend the addition of new provisions to the Ordinance to provide for suspensions to the lobbyist's, lobbyist firm's, or lobbyist employer's registration, for non-compliance with the Ordinance, and repeated violations of the Ordinance will result in progressively longer suspensions for the lobbyist, lobbyist firm, or lobbyist employer. As a result of the suspension, the offending lobbyist, lobbyist firm, or lobbyist employer will be barred from engaging in County lobbying activities on any new County contracts, permits, grants, licenses, or franchises until the matter has been resolved to the County's satisfaction.

In addition, please note compliance with our Ordinance is a standard provision in all County contracts. Under our *Contractor Non-Responsibility and Debarment Ordinance* (County Code Chapter 2.202), the County has the authority to terminate contracts and to impose debarment of contractors for an appropriate period of time, including permanently, when the County finds, in its discretion, that the contractor has violated a term of a contract with the County. Of course, we would seek this remedy only in the most egregious cases.

Unless otherwise instructed by your Board, we will present to your Board, within 45 days, an amendment to the existing Ordinance that reflects our recommendations as described above. Should you have any questions regarding this memorandum, please contact me or your staff may contact Vincent Amerson of this Office at (213) 974-1168 or vamerson@ceo.lacounty.gov.

WTF:LN:MKZ
MLM:VLA:pg

c: All Department Heads